

**State Employee Benefits Committee
Monday, March 25, 2013 at 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware**

The State Employee Benefits Committee met on March 25, 2013, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Faith Rentz, Deputy Director, OMB, SBO
Dawn Guyer, OMB, Financial Operations
Dawn Davis, OMB, SBO
Leslie Ramsey, OMB, SBO
Rebecca Reichardt, OMB, BDPA
Monica Gonzalez-Gillespie, OMB, HRM
Stuart Wohl, Segal
Erika Benner, Deputy State Treasurer
Karen Weldin Stewart, Insurance Commissioner
Michael Morton, Controller General
Tom Cook, Secretary of Finance
Courtney Stewart, Controller General's Office
Crystal Webb, DHSS

David Craik, Pension Office
Yvonne Marshall, PHRST
Pat Griffin, SEBAC
Mary Cooke, SEBAC
Jennifer Ward, Highmark BCBS DE
Tim Constantine, Highmark BCBS DE
Julie Caynor, Aetna
Mike North, Aetna
Joe Morocco, HMS
Paula Roy, Roy Assoc.
Hollie Ford, City of Dover
Karol Powers-Case, DRSPA
Dave Leiter, DHSS
Karen Valentine, AFSCME

Introductions/Sign In

Director Visalli called the meeting to order at 2:05 p.m. Anyone who had public comments was invited to sign-in and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were given around the room.

Approval of Minutes

Director Visalli requested a motion to approve the minutes from the March 11, 2013 SEBC meeting. Controller General Morton made the motion and Secretary Cook seconded the motion. Upon unanimous voice vote the minutes were approved.

Director's Report – Brenda Lakeman

None.

Group Health Financials (Dawn Guyer – handout)

A copy of the February 2013 Fund and Equity Report was reviewed and discussed. The fund balance for the end of January was reported at \$42.4M and has decreased to \$40.6M as of February 28, 2013.

Highmark Blue Cross Blue Shield Delaware Affiliation Updates

Ms. Lakeman introduced Tim Constantine of Highmark Blue Cross Blue Shield who reviewed the benefits of the affiliation between Highmark and Blue Cross Blue Shield of Delaware. Blue Cross Blue Shield is proud of the market share in Delaware and wants to partner with a larger Blue Plan. A key consideration is assistance with Health Care Reform. Highmark has fifty full-time employees working on Health Care Reform versus fifteen to twenty Blue Cross employees who are able to devote only part of their time to the project. Corporate headquarters will remain in Wilmington and will continue to be run by local leadership and to employ 2500 local employees.

Once migrated to the Highmark technology platforms, members can take advantage of Highmark's consumer-centric technology, including robust web based capabilities and real time claims processing. With Highmark's advanced medical

analytics tools and extensive experience, Highmark will be able to introduce new programs to improve health care outcomes and contain costs.

Integration planning began in the Fall of 2010 and implementation to the Highmark system is set for the last weekend in April. A mass newsletter will be sent out to all members in late March. New ID cards will be sent out in mid April. Each dependent will have an ID in their name. Ms. Lakeman confirmed that the mailing that was going out was to all members, not specific for state employees.

Mr. Constantine concluded with provider benefits which include NaviNet capabilities; an enhanced billing process connection between health plans and the providers. An updated Provider Directory will be available and will allow members to view physician ratings as well as patient feedback. In addition, a cost calculation tool will permit members to compare costs at different facilities for certain procedures.

Risk Based Capital/Fund Reserve Discussion (handout)

Director Visalli commented that the SEBC voted to increase the Risk-Based Capital minimum reserve from 200 to 205 percent last year. Following the Insurance Commissioner's request to evaluate the possibility of increasing to 210 percent, some analysis was done and Ms. Lakeman walked the group through the findings. It was discussed that there was an accounting error and that the minimum reserve never increased from 200 to 205 percent. Therefore, the \$61M is a reflection of 200 percent and would need to increase by \$1M to reach the 205 percentile. In order to increase to 210 percent, an additional \$2M is required from the surplus, which would equate to a year end projected surplus of \$29M.

Additional surplus money allows the SEBC more flexibility to use surplus funds to offset premium increases and pay fund expenses. Increasing minimum required reserve level may limit options for utilization of funds in FY2015. Current fund equity balance is at 378% of Authorized Control Level (ACL), well above the minimum. Director Visalli stated that a vote is not required today; we will continue to monitor and make sure it stays above the minimum.

SEBAC Comment

- SEBAC does not recommend increasing the reserve beyond 205% and utilizing additional surplus funds for the next year.
- SEBAC also recommends that legislative action be considered to revert interest income accrued on health funds back to the group health insurance fund.

Public Comment

Ms. Powers-Case, DRSPA, thanked the Committee members and the Benefits Office for all their communication efforts.

Mr. Leiter, DHSS, reiterated SEBAC's comment suggesting that interest income go back into the health fund rather than back to the general fund. He commended the Committee on making the tough decisions. Mr. Leiter questioned the change to Highmark and was concerned that those without computers would be at a loss. Director Visalli ensured him that everything will remain the same except for receiving a new ID card. Highmark Blue Cross Blue Shield will continue to mail Explanation of Benefit (EOB) notices, etc. to member's homes. Mr. Constantine confirmed that members must elect to receive EOB's electronically.

Other Business

None.

Director Visalli announced that the SEBC would need to go into Executive Session to hear a disability appeal. Everyone was reminded that the next SEBC meeting would be on April 22, 2013. She then requested a motion to adjourn the public

meeting and go into Executive Session. Secretary Cook made the motion and Controller General Morton seconded the motion. Upon unanimous voice approval, the public session ended at 3:15 p.m. Upon return to public session at 4:05 p.m., Ms. Visalli asked for a motion to adjourn the meeting. Controller General Morton made the motion and Insurance Commissioner Stewart seconded. With unanimous voice approval the motion carried.

Respectfully submitted,

Dawn Davis
Administrative Secretary
Statewide Benefits Office, OMB